

Regional Transportation Plan Transportation Finance

**Challenges, Proposed RTP
Development Framework &
Funding Options**

TCC Workshop – August 30, 2007

Focus of Today's Workshop

1. Accomplishments to Date
2. Our Challenges
 - A. Funding
 - B. Regulatory Requirements
 - C. Mobility Degradation
 - D. Unfunded Needs
 - E. Aging Infrastructure – Example of Unfunded Needs
3. Proposed RTP Development Framework
4. Discussion

Accomplishments

Accomplishments To Date

- List of Accomplishments, including:
 - New transportation model development and validation
 - Growth visioning Administrative amendment to address SAFETEA-LU requirements
 - Comprehensive performance assessment of Base Year, Baseline, and Plan
 - Development of Revenue and Cost models
 - Outreach
 - Freight rail draft business plan
 - High Speed Rail analysis (update in future workshops)
 - Preservation analysis
 - Safety analysis
 - Other

Challenges

Funding Challenges

Our Region's Baseline Revenues Are Fully Committed

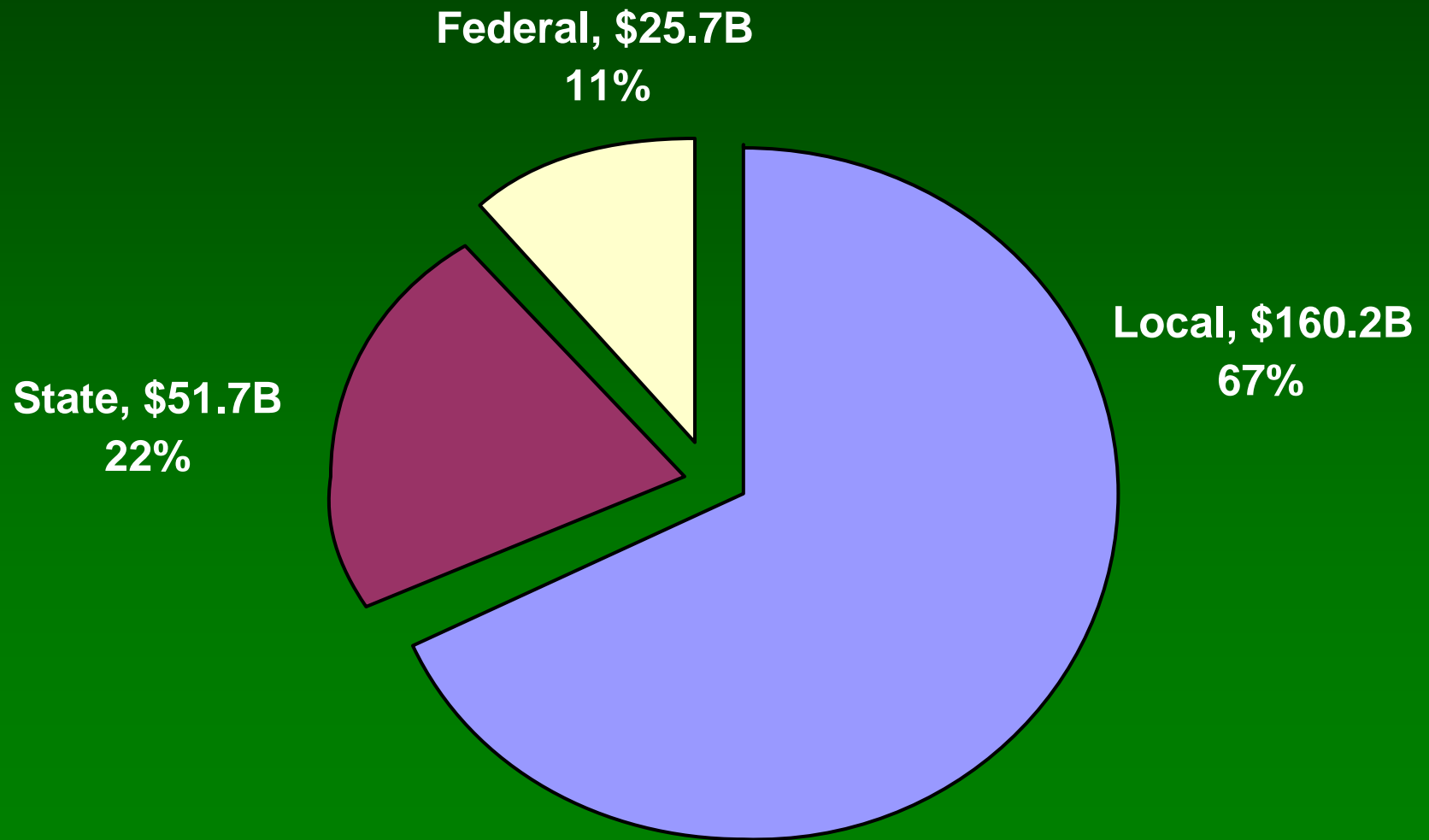
1. Revenues

- Preliminary total RTP base revenues
~ \$240 billion (in 2007 dollars)

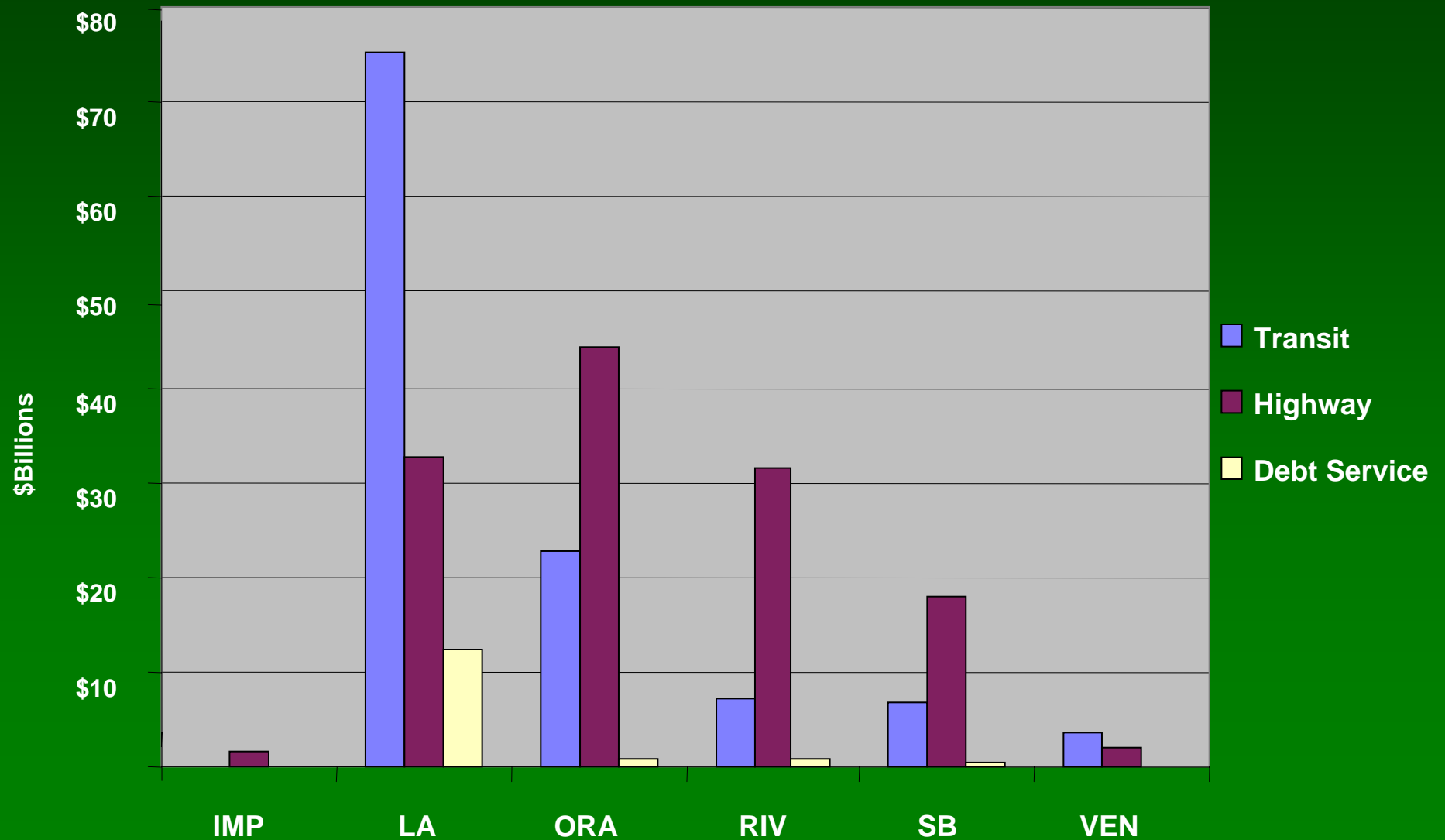
2. Costs

- Preliminary total RTP base costs =
~ \$240 billion (in 2007 dollars)

Local Sources Represent Most Of The Projected Funding



... and choose to spend it differently



Regulatory Challenges

Federal Regulations Are Increasingly Stringent

- **Assumptions for project financing must be backed up with detailed funding plans to demonstrate fiscal constraint and regional consensus (i.e., commitment)**
- **To date, the analyses conducted suggest that most of the currently un-funded projects can be fully financed without significant public sector financial contributions**

Air Quality Attainment Challenges

PM2.5

Annual Standard

2014 Attainment Date
50 t/day NOx shortfall
No black box allowed

New 24-hour Standard

2012 SIP Submittal (Est.)
2019 Attainment Date (Est.)
Further Reductions Req.

8-Hour Ozone

8-Hour Ozone

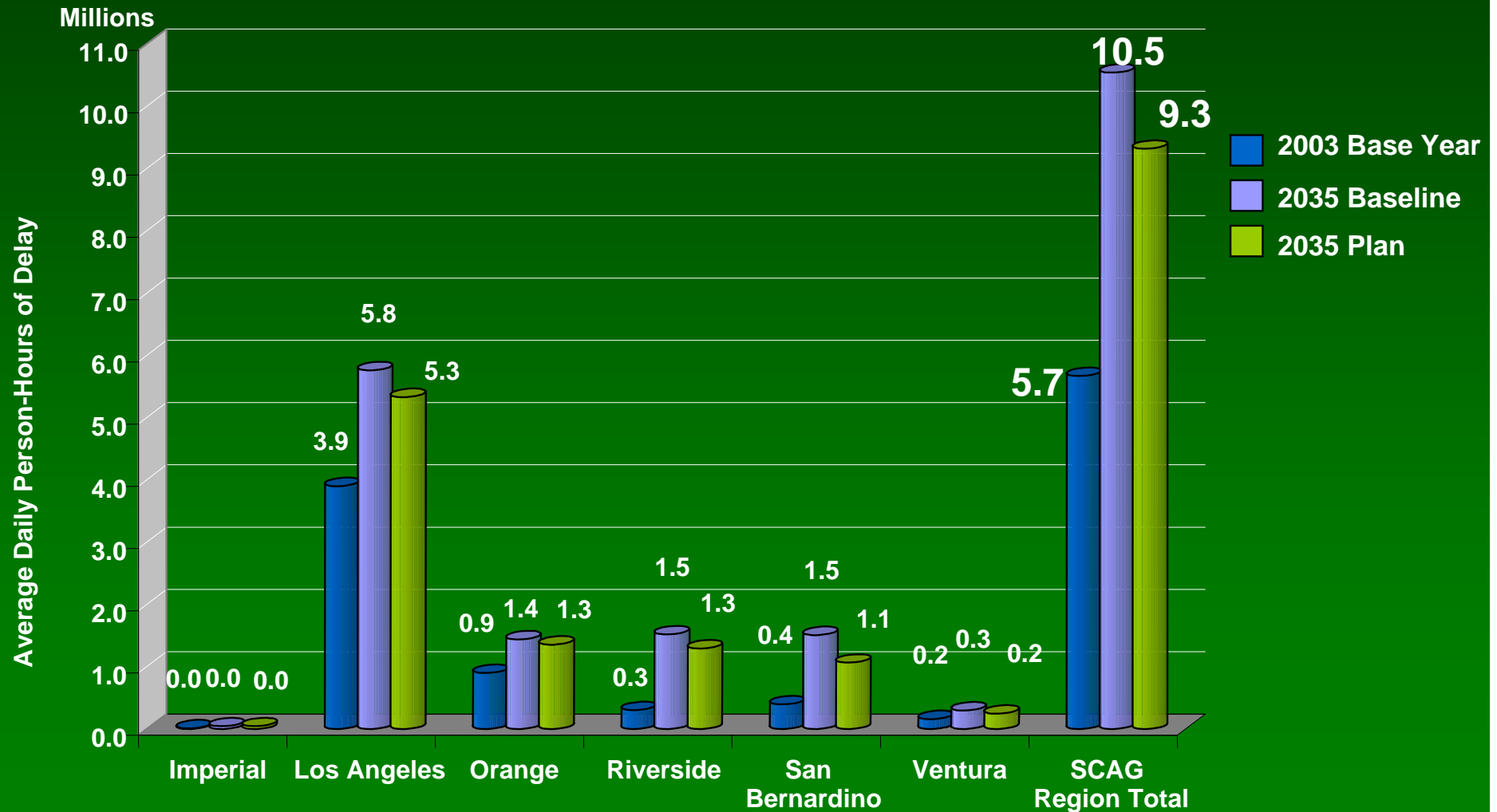
2023 Attainment Date
180 t/day NOx black box

Standard Under Review

Possible Tightening

Mobility Degradation

Despite \$240 in expenditures, the SCAG model projects daily delay to almost double



The percent increase in delay will be highest in the Inland Empire



Unfunded Needs

Un-Funded Needs

1. Roadway Preservation and Operations (\$10-\$20B)

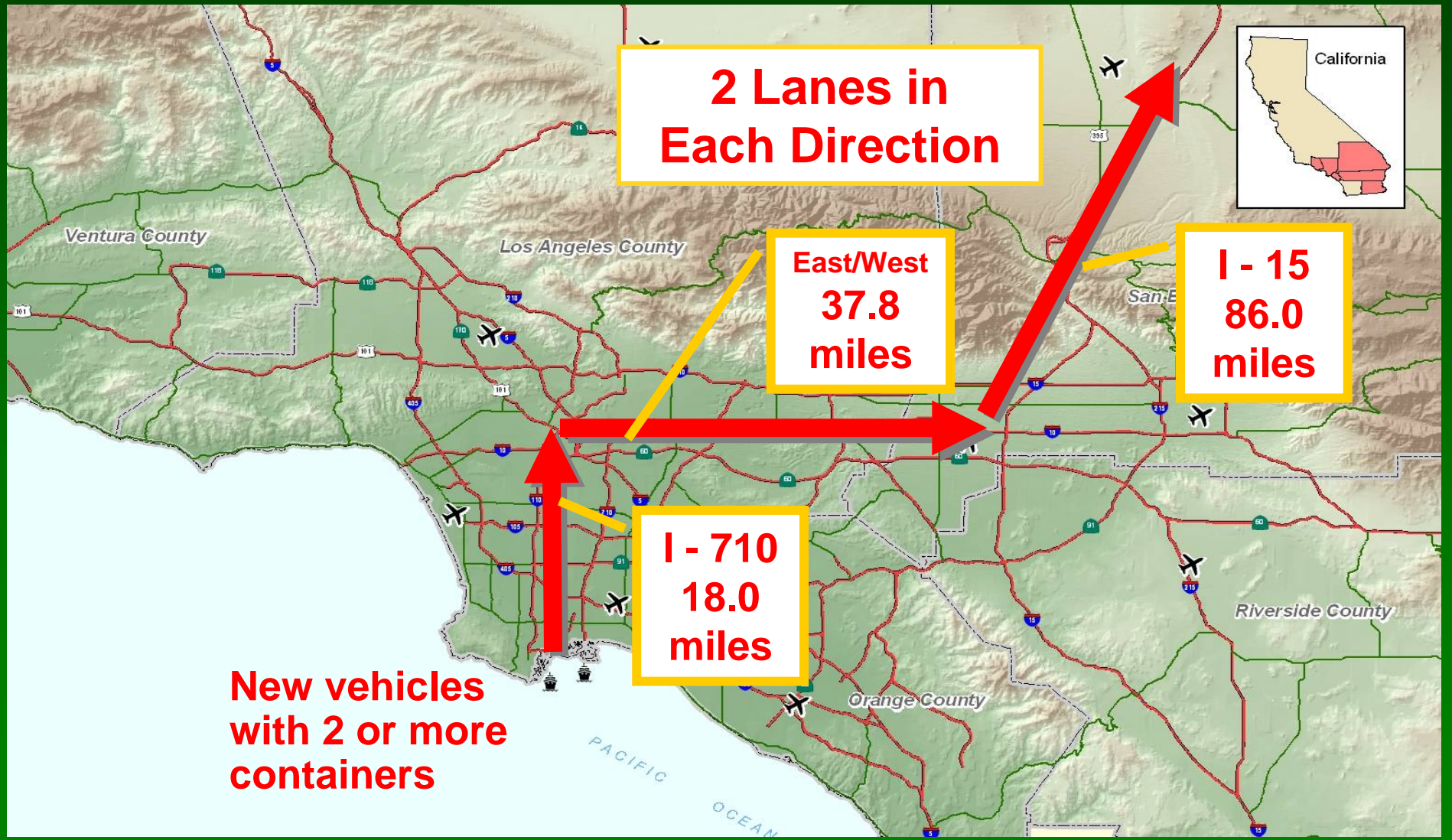
- According to 2007 SHOPP annual un-funded need is \$2-\$3 billion (more on that later today)
- Los Angeles and Orange Counties have also identified un-funded needs that together exceed \$3B. SCAG will initiate a review of the unfunded needs for the remaining counties
- For preservation, un-funded needs mean much higher costs in the future.

Un-Funded Needs

2. Goods Movement (\$40-\$50B)

- Rail Freight Strategies (expansion + grade separation + emission reduction)
- Roadway Strategies (freight corridor)
- Inland and/or Agile Port, possibly including High Speed Rail connection

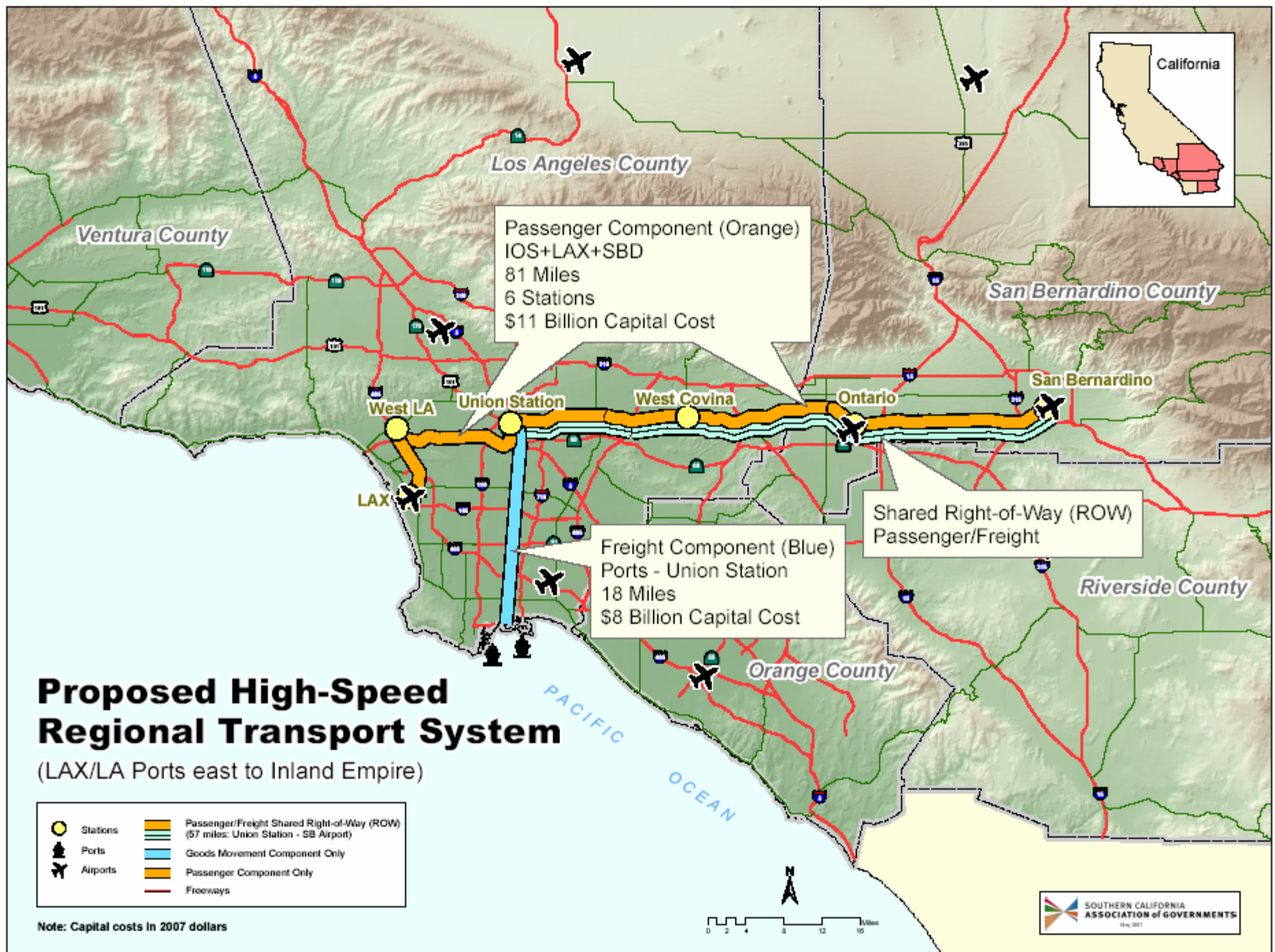
Proposed Tolloed Truck Lane System



Un-Funded Needs

3. High Speed Rail (\$11-\$19B)

- LAX to Ontario
- Larger System



Un-Funded Needs

4. Transit (TBD)

- Services Supporting Growth Plan
- Other

Un-Funded Needs

5. Corridors (~\$23 Billion)

- High Desert Corridor
- 710 Tunnel
- 101 Corridor
- CETAP Corridors

Un-Funded Corridors

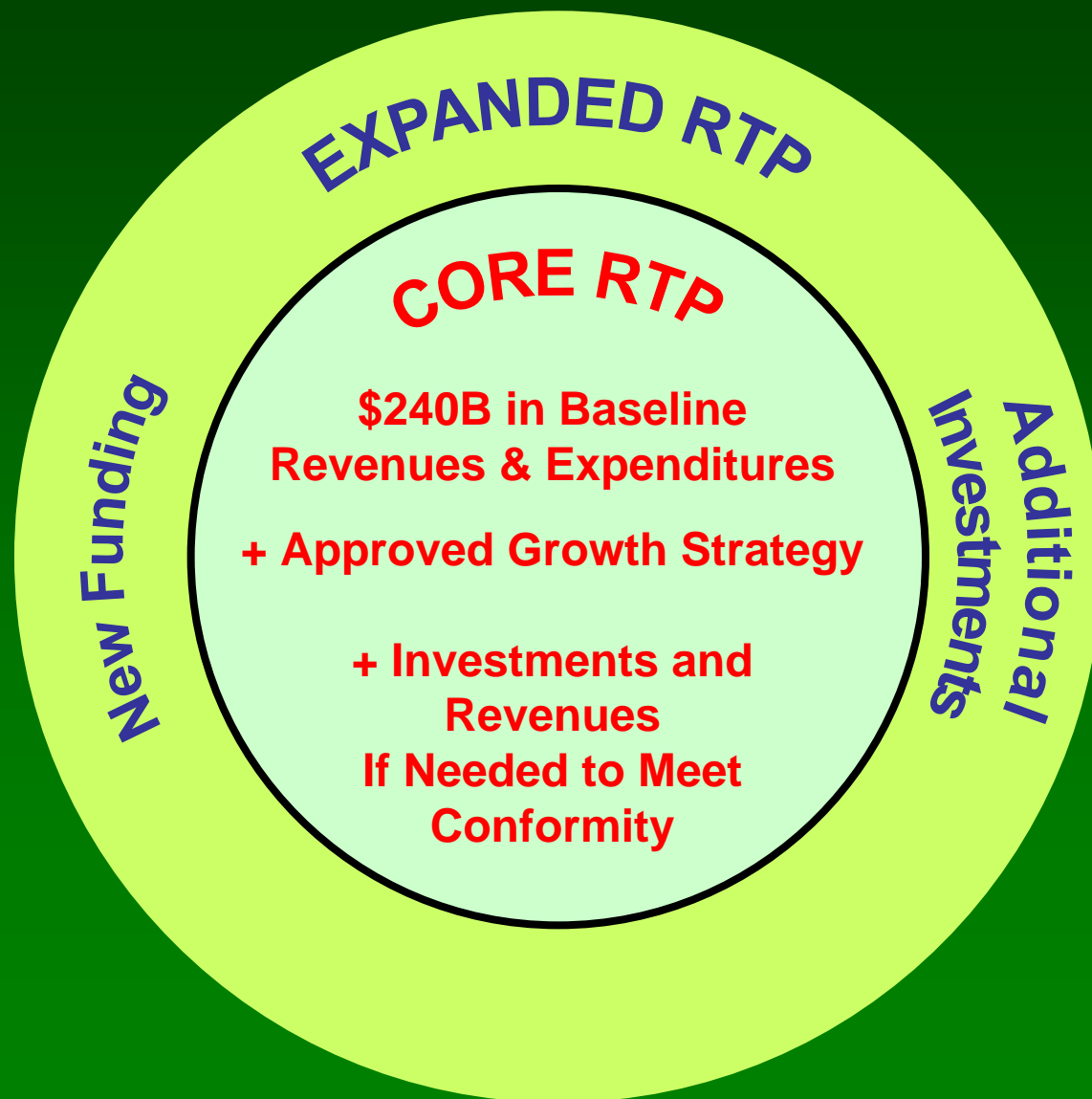


Aging Infrastructure

An Example of Unfunded Needs

Proposed RTP Development Framework

Proposed Framework



Expanded RTP Funding Options

Funding Options

- Gas Tax Increase
 - Would be designated to mostly roadway investments
 - Could possibly be earmarked for roadway preservation and operations
 - A 1c increase in gas tax by 2011 would provide up to \$2B for the Plan

Funding Options

- **TEU Fee**
 - Would be designated to investments related to goods movement
 - Legislation is already being discussed at the State level
 - **A \$10 TEU Fee starting in 2011 would provide over \$4B for the Plan**

Funding Options

- **Mitigation Fee Programs**
 - Already included in the Plan for Riverside and San Bernardino counties (\$6B, \$1.5B, and \$0.8B respectively)
 - Additional funding could be generated if remaining counties pursue similar strategies

Funding Options

- Value Capture

- Transportation projects can increase adjacent land values and generate revenue for private landowners. Public agencies can capture a portion of land value generated revenue by a number of financing tools:
 - 1) Special assessment districts/improvement districts;
 - 2) public-private development of adjacent land;
 - 3) traffic impact fees; or
 - 4) tax increment financing districts.
- A Benefit Assessment District was used by Metro
- Could raise 5 to 10 percent of a transit rail (or MAGLEV) project

Funding Options

- Tolls and/or HOT Lanes
 - Could be used for transit or highways (SANDAG is using for transit, MTC wants to use it for HOV gap closures)
 - 2004 RTP estimated \$2B in funding from HOT Lanes, much more may be possible with dedicated freight corridors and CETAP Toll Roads

Funding Options

- **Parking Taxes**
 - Could be used to support growth policies (e.g., Transit Oriented Development)
 - Could pay for transit service enhancements that support growth policies
 - **Could add up to \$2B in funding**

Funding Options

- **Private Sector**

- Can be used for an integrated strategy such as the rail freight strategy that combines rail expansion, grade separation, and air quality improvement investments
- Could be used to help finance major projects (e.g., toll roads, high speed rail) if the economics make sense (e.g., in combination with tolls)

Discussion

Policy Options

- Proposed Core and Expanded RTP
- Funding – Which funding sources should we pursue further?
- How do we prioritize un-funded needs?

Funding Options vs. Needs

	Gas Tax	TEU Fee	Value Capture	Mitigation Fee	Tolls	Parking Tax
Preservation/ Operations	✓				✓	
Goods Movement		✓			✓	
High Speed Rail			✓			
Transit			✓	✓	✓	✓
Corridors	✓			✓	✓	